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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 14-80

WASHINGTON, August 20--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The AUSTRALIAN WHEAT BOARD has announced a sale of 2 million tons of wheat to the Soviet Union for August-May (1980/81) delivery. This sale is similar to one announced about a year ago, when the Soviets bought 2 million tons of Australian wheat for January-June 1980 shipment. During 1979/80 (July/June), Australia shipped about 2.6 million tons of wheat to the Soviet Union.

About a third of ARGENTINA'S grain exports for the coming season (1981) have already been committed under bilateral agreements, according to Agricultural Secretary Zorreguita. He recently indicated that bilateral grain trade agreements are in effect with China, the Soviet Union and Iraq. The three agreements include total commitments of 3.2 million tons of corn, 1 million tons of sorghum, 1.1 million tons of wheat and 500,000 tons of soybeans. In addition to these trade agreements, Argentina reportedly is negotiating a bilateral agreement with Mexico for 2 million tons of corn, sorghum, sunflower seeds and soybeans during the 1981 and 1982 marketing seasons.

The EUROPEAN COMMUNITY (EC) Grain Management Committee on Aug. 14 authorized the export of 10,000 tons of wheat to Central and South America (zone 4). This sale brings the cumulative amount approved for that region to 40,000 tons under a standing tender for 250,000 tons. Amounts previously approved were for a sale of 25,000 tons on Aug. 7 and a 5,000-ton wheat sale at the preceding week's tender. These three sales represent the first quantities authorized by the EC for export to Latin America since bids were last accepted in late 1978, despite the fact that a tender for 200,000 tons had been opened in October 1979. Since Brazil is the largest importer of wheat in Latin America and the only historically important market for EC wheat, it is anticipated that this wheat will be shipped to Brazil.

In U.S. dollar equivalent, the maximum subsidy rate applied to the Aug. 14 authorization was \$74.22 per ton (52.40 European Currency Units), just slightly above the Aug. 7 level of \$73.94 per ton (52.20 ECU), while the subsidy on the 5,000-ton sale was \$86.33 per ton (60.95 ECU). These subsidy rates match those applied to the wheat authorizations allocated to all other destinations for each of the three respective weeks.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

DAIRY, LIVESTOCK & POULTRY

The EC COMMISSION decided on July 25, to re-introduce private storage aids to pork producers and traders because of the depressed state of the EC pork market. Applications for aid may be submitted between Aug. 1 and Sept. 6 and will cover contracts of three to five months. The amount of pork brought under the previous private storage aid scheme, which operated between May 5 and June 21, amounted to 45,968 tons.

HORTICULTURAL AND TROPICAL PRODUCTS

AUSTRALIA has concluded new long-term contracts to supply raw sugar to Singapore and Malaysia, in addition to existing contracts which are in effect until 1983. These contracts, as well as other recently negotiated agreements, are important to the stability of the domestic sugar industry.

The new contracts with Singapore and Malaysia call for annual shipments of about 155,000 tons of raw sugar during 1981-83 and 330,000 tons in 1984. A contract recently negotiated with New Zealand calls for the sale of about 68,000 tons of sugar annually for 1980-84. Also, a new five-year contract with Korea for 1.2-million tons became effective Jan. 1, 1980. An existing five-year contract with Japan will expire June 30, 1981.

In addition to these contracts, press reports indicate that an even more recent agreement has been concluded with China for 250,000 tons of sugar annually in each of the next three years. China reportedly would pay roughly the market price at the time of delivery, but with upper and lower limits.

The total amount of sugar contracted in these various agreements now accounts for more than half of Australia's normal export availability. Also these agreements are probably a factor in the recent approval of a 5-percent increase in Queensland's 1981 production area, which should result in an annual increase of up to 150,000 tons.

PERU's official forecast of 1980 sugar production has been reduced from 650,000 to 600,000 tons and indications are that the final results may be even lower. Drought is still believed to be the major factor in this declining production and output next year could be even lower. As a result, exports will be down in 1980 and may be reduced to zero in 1981. Meanwhile, imports of refined sugar for domestic consumption are expected to rise. These imports are subsidized and consumer prices are being held at the equivalent of about 11 U.S. cents per pound.

In CANADA, the Agricultural Minister has announced that growers will receive a stabilization payment of 30 cents per dozen for Canadian No. 1 and No. 2 grade greenhouse cucumbers marketed Jan. 1-Aug. 31, 1979. This payment is authorized under a provision of the Canadian Agricultural Stabilization Act which provides for commodities not specifically named to be designated for support of up to 90 percent of the previous five-year average market price adjusted for changes in the cash costs of production.

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The 1979 support price for greenhouse cucumbers has been calculated at C\$3.57 per dozen and the average producer return at C\$3.27 per dozen. Total payment to the four to five hundred eligible growers is expected to reach C\$650,000.

TOBACCO

In KOREA, the Tobacco Monopoly recently announced higher prices for manufactured tobacco products. The increases range from 8 to 25 U.S. cents per pack (33 to 50 percent) and include two popular brands which contain significant amounts of U.S. leaf tobacco. U.S. leaf exports to Korea totaled 5,939 tons valued at \$32.8 million during 1979.

In ITALY, recent reports on tobacco production area indicate that the 1980 crop may be significantly smaller than the 1979 record crop of 114,680 tons. A long, cool, wet spring substantially reduced flue-cured tobacco yields and is being blamed for an outbreak of blue mold in the oriental crop. Based on current reports, the 1980 crop may not exceed 100,000 tons.

In an effort to increase ZIMBABWE tobacco auction prices, the government and the Zimbabwe Tobacco Association have established a program to remove surplus tobacco from the market. The equivalent of US\$30 million has been made available for commercial banks to lend at low interest rates to local merchants to purchase the surplus tobacco and hold it off the market for two years. At the time of sale, the merchants may keep the profits. Any losses will be reimbursed by the government. Purchases under the new program, which began in late July, must be concentrated in middle-range tobacco grades. Higher grades are selling at a profit and the industry believes lower grades should be sold for whatever price they bring.

Tobacco prices have responded to the new program. The average price during the 16th week of sales (July 21-25) increased from the equivalent of \$1.06 to \$1.07 per kilogram. As a result, Zimbabwe's 1980 tobacco crop estimate was increased recently to 122,500 tons, up 6.5 percent from the previous estimate of 115,000 tons.

NEW RELEASE OF FOREIGN AGRICULTURAL CIRCULAR

Coffee Supply and Distribution in Producing Countries, 1960/61-1980/81,
FCOF 4-80

TO ORDER release, write: U.S. Department of Agriculture, FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250.

INTERNATIONAL WEATHER AND CLIMATE SUMMARY, AUG. 11-17

MEXICO--Hurricane Allen produced beneficial widespread heavy rains in the northeast and north central regions. The previously droughty northeastern citrus area received rainfall of 60 to 80 mm, while the north central rangelands had 50 to

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100 mm. Rains of over 200 mm were estimated to have fallen in northwestern Coahuila. Seasonal heavy rains continued over the northwestern mountain watersheds, which should further increase reservoir storage for west coast fall and winter vegetables. The southern plateau's corn crop, in the reproductive stage, should benefit from rains which averaged around 50 mm.

EUROPE--Wetter weather returned to much of northern and eastern Europe. Below-normal rainfall in many areas allowed harvesting of grains to continue, but 25 to 50 mm totals in other areas again slowed field work. The most seriously affected areas were southeastern England, northeastern France, southwestern West Germany, southern Poland, and southeastern Romania. Temperatures stayed slightly above normal in the northwest, but dipped below normal again in the southeastern countries. Crops had benefited greatly from recent drier weather, but if the present dampness persists, grain quality losses can be expected.

USSR--Weather conditions in the southwestern portion of the winter grain belt improved briefly early in the week, but showers returned. Totals for the week ranged much above normal over most of European USSR, and temperatures remained generally below normal. Row crops in the North Caucasus and eastern Ukraine probably benefited from the moisture, but winter grain harvesting was further delayed in the western Ukraine and over a broad area extending from the north central Ukraine northward. Concern is mounting about the time remaining for fall sowing once the current crop is harvested. Spring grain harvesting in the lower Volga Valley was probably only slightly disrupted by the above-normal 25 to 50 mm of rain.

In the New Lands, heavy rains in the south central portions were not beneficial to spring grains, which should now be nearly mature. Very light frost at some locations probably did no damage.

CHINA--Excessively heavy rains in the Yangtze Valley have caused extensive flooding of cropland. This rainfall has persisted intermittently for most of the summer, and was continuing at the end of the week. Reservoirs, which normally contain the waters, are now overflowing. The potential exists for substantial crop damage, since many crops in the area are nearing maturity and need drier conditions. To the north, near-normal rainfall in Hebei Province further improved dry conditions, and a return of wet weather to the Manchurian Valley maintained good growing conditions.

SOUTHERN ASIA--Rainfall in the northeastern half of India decreased to near normal, but drier weather is needed to bring rivers back to normal levels. Upland crops benefited from the rains, however, and no serious crop losses are anticipated at this time. Lighter totals in southern West Bengal and southwestern Bangladesh were probably welcomed, as was some drier weather in Gujarat. A variable pattern in the south generally maintained favorable growing conditions.

CANADA--The eastern portion of the Canadian Prairies received frequent showers. Heaviest weekly totals, ranging from 35 to 60 mm, fell in eastern Saskatchewan. Late seeded crops, which are in the grain-filling stage, benefited from the increased moisture supplies. Cool weather, however, may have slowed crop development, and the

heavy showers probably delayed harvesting of early-seeded crops. Light rain, generally less than 10 mm, fell in the western portion of the Prairie grain belt where crops have matured.

AUSTRALIA--The winter wheat area in Victoria received less than 10 mm of rain. Elsewhere, dry weather prevailed. Although conditions were generally favorable for initial spring growth, soil moisture supplies remained low in northern New South Wales, Queensland and parts of West Australia. Rain is needed in these areas during the next several weeks for good crop growth.

SOUTH AMERICA--Soil moisture supplies remained adequate, although dry weather prevailed in most winter wheat areas of Argentina and Brazil. Rainfall was concentrated primarily in the northern-most portion of Buenos Aires Province adjacent to Uruguay and in Paraguay, west of Brazil's wheat producing states of Rio Grande do Sul and Parana. The wheat crop is in a semi-dormant state during the winter months.

SOUTHEAST ASIA--In Thailand, the monsoon season to date has continued to favor good crop development. Moisture was in ample supply in the Central Plains, where rainfall totals last week ranged from 50 to 100 mm in the agricultural area north of Bangkok. Maize and rice crops have benefited from timely and frequent showers. The maize crop advanced towards maturation and yield prospects were good. Prospects also were favorable for the rice crop.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 19, 1980		Change from	
			previous week	a year ago
	Dollars per metric ton	Dollars per bu.	Cents per bu.	Dollars per metric ton
Wheat:				
Canadian No. 1 CWS-12.5%..	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	209.00	5.69	-8	197.50
U.S. No. 2 DHW/HW:13.5%....	208.00	5.66	+3	203.00
U.S. No. 2 S.R.W.....	197.00	5.36	0	194.00
U.S. No. 3 H.A.D.....	303.00	8.25	-5	219.00
Canadian No. 1 A: Durum....	1/	1/	1/	1/
Feedgrains:				
U.S. No. 3 Yellow Corn.....	164.00	4.17	-5	137.50
U.S. No. 2 Sorghum 2/.....	175.00	4.45	-2	139.00
Feed Barley 3/.....	176.00	3.83	-11	166.50
Thailand Tapioca.....	181.90	--	+2.40 5/	--
Soybeans:				
U.S. No. 2 Yellow.....	298.50	8.12	+12	301.00
Argentine 4/.....	289.00	7.87	+14	290.30
U.S. 44% Soybean Meal (M.T.)	255.00	--	+13.00 5/	235.00
EC Import Levies				
Wheat 6/.....	106.85	2.91	-6	93.45
Barley.....	93.50	2.04	+1	82.60
Corn	97.40	2.47	-4	109.80
Sorghum.....	90.80	2.31	0	100.80

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil Yellow

5/ Dollars per metric ton.

6/ Durum wheat has a separate levy.

NOTE: Basis Sept. delivery.

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	metric	bu.	bu.	metric
	ton			ton
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Canadian No. 1 CWRs-12.5%..	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
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Canadian No. 1 A: Durum....	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
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Soybeans:				
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